

CALIFORNIA FRANCHISE TAX BOARD

Legal Ruling No. 150

June 24, 1958

MINORS: EARNING SET ASIDE PURSUANT TO SECTION 36.1 OF THE CIVIL CODE

Syllabus:

Earnings of a minor set aside by court order pursuant to Section 36.1 of the Civil Code are taxable to the minor.

Taxpayers are child actors. Pursuant to a court order one half of their net salaries are invested in United States Savings Bonds and deposited in a bank or trust by their parents and retained there until further order of the court.

Advice is requested whether the earnings of a minor, which are set aside for the benefit of the minor pursuant to Section 36.1 of the Civil Code, are taxable to the minor.

The effect of Section 36.1 of the Civil Code is to free from parental control earnings of a minor which are paid into a trust or savings plan for the benefit of the minor and amounts to a partial emancipation of the child. Aside from section 17731(a), the Personal Income Tax Law makes no special provision for taxing of income earned by minors. Since there is no authority for taxing the earnings of a minor to a trust, and Section 36.1 of the Civil Code is in effect a partial emancipation, income derived by a minor from his own personal services is taxable only to the minor.